

**REPORT OF THE AUDIT OF THE
BOYLE COUNTY
FISCAL COURT**

**For The Fiscal Year Ended
June 30, 2002**



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE BOYLE COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2002**

The Auditor of Public Accounts has completed the Boyle County Fiscal Court audit for fiscal year ended June 30, 2002. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

Fund balances increased by \$111,273 from the beginning of the year, resulting in a cash surplus of \$4,125,507 as of June 30, 2002.

Debt Obligations:

Total bonded debt principal as of June 30, 2002, was \$5,365,000. Future collections of \$7,918,546 are needed over the next 17 years to pay all bonded debt principal and interest.

Capital lease principal agreements totaled \$174,026 as of June 30, 2002. Future principal and interest payments of \$182,577 are needed to meet these obligations.

Report Comment:

- The County Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral And Enter Into A Written Agreement To Protect Deposits

<u>CONTENTS</u>	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1
BOYLE COUNTY OFFICIALS	3
STATEMENT OF ASSETS, LIABILITIES, AND EQUITY ARISING FROM CASH TRANSACTIONS.....	6
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES	12
NOTES TO FINANCIAL STATEMENTS	16
SUPPORTING SCHEDULES:	
COMPARATIVE SCHEDULE OF BUDGETED TO ACTUAL OPERATING REVENUE	27
SCHEDULE OF OPERATING REVENUE	31
COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED EXPENDITURES	35
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	41
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133.....	45
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	49
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	53
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	54
APPENDIX A:	
CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Ernie Fletcher, Governor

Gordon C. Duke, Secretary

Finance and Administration Cabinet

Debra Eucker, Commissioner, Department of Law, Revenue Cabinet

Honorable Tony W. Wilder, Boyle County Judge/Executive

Members of the Boyle County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and equity arising from cash transactions of Boyle County, Kentucky, as of June 30, 2002, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Boyle County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Boyle County Municipal Properties Corporation. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Boyle County Municipal Properties Corporation, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Boyle County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity arising primarily from cash transactions as of June 30, 2002, of Boyle County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting.



To the People of Kentucky
Honorable Ernie Fletcher, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Debra Eucker, Commissioner, Department of Law, Revenue Cabinet
Honorable Tony W. Wilder, Boyle County Judge/Executive
Members of the Boyle County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated August 27, 2003, on our consideration of Boyle County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Boyle County, Kentucky. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present the schedule of findings and questioned costs, included herein, which discusses the following report comment:

- The County Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral And Enter Into A Written Agreement To Protect Deposits

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
August 27, 2003

BOYLE COUNTY OFFICIALS

For The Fiscal Year Ended June 30, 2002

Fiscal Court Members:

Tony W. Wilder	County Judge/Executive
John Davis	Magistrate
Phillip Sammons	Magistrate
Martin G. Curtis	Magistrate
Morris Martin	Magistrate
John Caywood	Magistrate
Ernie Coulter	Magistrate

Other Elected Officials:

George McClure	County Attorney
Chris Hill	Jailer
Denise Curtsinger	County Clerk
Trudy Stevens	Circuit Court Clerk
Karl Luttrell	Sheriff
Eddie Tamme	Property Valuation Administrator
James Ramey	Coroner

Appointed Personnel:

Mary C. Lynn	County Treasurer
Marcia Pierce	Occupational Tax Collector
Gail Bowling	Finance Officer

STATEMENT OF ASSETS, LIABILITIES,
AND EQUITY ARISING FROM CASH TRANSACTIONS

BOYLE COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND EQUITY ARISING FROM CASH TRANSACTIONS

June 30, 2002

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<u>Assets and Other Resources</u>				
<u>Assets</u>				
Cash and Cash Equivalents	<u>\$ 2,955,484</u>	<u>\$ 556,069</u>	<u>\$ 425,218</u>	.
Total Assets	<u>\$ 2,955,484</u>	<u>\$ 556,069</u>	<u>\$ 425,218</u>	.
<u>Other Resources</u>				
Amounts to Be Provided in Future Years for:				
Capital Lease	<u>\$ 174,026</u>	<u>\$</u>	<u>\$</u>	
Bond Payments			<u>5,245,974</u>	.
Total Other Resources	<u>\$ 174,026</u>	<u>\$ 0</u>	<u>\$ 5,245,974</u>	.
Total Assets and Other Resources	<u><u>\$ 3,129,510</u></u>	<u><u>\$ 556,069</u></u>	<u><u>\$ 5,671,192</u></u>	.

The accompanying notes are an integral part of the financial statements.

BOYLE COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND EQUITY
 ARISING FROM CASH TRANSACTIONS
 June 30, 2002
 (Continued)

<u>Internal Service Fund Type</u>	<u>Enterprise Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Health Program Fund</u>	<u>Jail Canteen</u>	
<u>\$ 161,222</u>	<u>\$ 53,404</u>	<u>\$ 4,151,397</u>
<u>\$ 161,222</u>	<u>\$ 53,404</u>	<u>\$ 4,151,397</u>
<u>\$</u>	<u>\$</u>	<u>\$ 174,026</u>
		<u>5,245,974</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,420,000</u>
<u>\$ 161,222</u>	<u>\$ 53,404</u>	<u>\$ 9,571,397</u>

The accompanying notes are an integral part of the financial statements.

BOYLE COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND EQUITY
 ARISING FROM CASH TRANSACTIONS
 June 30, 2002
 (Continued)

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<u>Liabilities and Equity</u>			
<u>Liabilities</u>			
Payroll Revolving Account	\$ 25,890	\$	\$
Capital Lease	174,026		
Bonds:			
Series 1997			5,365,000
Total Liabilities	<u>\$ 199,916</u>	<u>\$ 0</u>	<u>\$ 5,365,000</u>
<u>Equity</u>			
Fund Balances:			
Reserved	\$	\$ 556,069	\$ 306,192
Unreserved	<u>2,929,594</u>		
Total Equity	<u>\$ 2,929,594</u>	<u>\$ 556,069</u>	<u>\$ 306,192</u>
Total Liabilities and Equity	<u><u>\$ 3,129,510</u></u>	<u><u>\$ 556,069</u></u>	<u><u>\$ 5,671,192</u></u>

The accompanying notes are an integral part of the financial statements.

BOYLE COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND EQUITY
 ARISING FROM CASH TRANSACTIONS
 June 30, 2002
 (Continued)

<u>Proprietary Fund Type</u>		<u>(Memorandum Only)</u>
<u>Internal Service Fund</u>	<u>Enterprise Fund</u>	
		\$ 25,890
		174,026
		<u>\$ 5,365,000</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,564,916</u>
\$ 161,222	\$ 53,404	\$ 1,076,887
		2,929,594
<u>\$ 161,222</u>	<u>\$ 53,404</u>	<u>\$ 4,006,481</u>
<u>\$ 161,222</u>	<u>\$ 53,404</u>	<u>\$ 9,571,397</u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

BOYLE COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

For The Fiscal Year Ended June 30, 2002

	General Fund Type		
	General Fund	Road and Bridge Fund	Joint Jail Fund
<u>Cash Receipts</u>			
Schedule of Operating Revenue	\$ 2,283,192	\$ 837,145	\$ 1,441,403
Receipts - Jail Canteen			
Other Financing Sources:			
Transfers In	2,082,641	300,000	254,220
Lease Proceeds	85,150		
Kentucky Advance Revenue Program	1,389,400		
Transfers From Fiscal Court			
Total Cash Receipts	<u>\$ 5,840,383</u>	<u>\$ 1,137,145</u>	<u>\$ 1,695,623</u>
<u>Cash Disbursements</u>			
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 3,162,172	\$ 1,088,003	\$ 1,601,810
Expenditures - Jail Canteen			
Other Financing Uses:			
Transfers Out	909,220		
Capital Lease Payments:			
Loader Lease		32,477	
Ambulance Leases			
Rescue Vehicle Lease	9,461		
Bonds:			
Principal Paid			
Interest Paid			
Transfer To Municipal Properties Corp.	80,522		70,000
Kentucky Advance Revenue Program Repaid	1,389,400		
Total Cash Disbursements	<u>\$ 5,550,775</u>	<u>\$ 1,120,480</u>	<u>\$ 1,671,810</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 289,608	\$ 16,665	\$ 23,813
Cash Balance - July 1, 2001	<u>2,374,982</u>	<u>59,961</u>	<u>113,473</u>
Cash Balance - June 30, 2002	<u><u>\$ 2,664,590</u></u>	<u><u>\$ 76,626</u></u>	<u><u>\$ 137,286</u></u>

The accompanying notes are an integral part of the financial statements.

BOYLE COUNTY
 STATEMENT OF CASH RECEIPTS,
 CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES
 For The Fiscal Year Ended June 30, 2002
 (Continued)

General Fund Type			Special Revenue Fund Type	
Local Government Economic Assistance Fund	Jail Fund	License Fee Tax Fund	State Surplus Fund	Enhanced 911 Fund
\$ 58,107	\$ 16,093	\$ 2,072,301	\$ 1,141,637	\$ 172,068
	55,000			
<u>\$ 58,107</u>	<u>\$ 71,093</u>	<u>\$ 2,072,301</u>	<u>\$ 1,141,637</u>	<u>\$ 172,068</u>
\$ 87,299	\$ 82,812	\$	\$ 1,325,932	\$ 102,872
		2,082,641		
<u>\$ 87,299</u>	<u>\$ 82,812</u>	<u>\$ 2,082,641</u>	<u>\$ 1,325,932</u>	<u>\$ 102,872</u>
\$ (29,192)	\$ (11,719)	\$ (10,340)	\$ (184,295)	\$ 69,196
69,050	21,505	11,788	429,848	181,152
<u>\$ 39,858</u>	<u>\$ 9,786</u>	<u>\$ 1,448</u>	<u>\$ 245,553</u>	<u>\$ 250,348</u>

The accompanying notes are an integral part of the financial statements.

BOYLE COUNTY
 STATEMENT OF CASH RECEIPTS,
 CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES
 For The Fiscal Year Ended June 30, 2002
 (Continued)

	<u>Special Revenue Fund Type</u>		<u>Debt Service Fund Type</u>	
	TEA-21 Fund	Emergency Medical Services Fund	Bond Debt Retirement Fund	Municipal Public Properties Corporation
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 419,538	\$ 910,567	\$ 232,256	\$
Receipts - Jail Canteen				
Other Financing Sources:				
Transfers In		300,000		
Lease Proceeds		49,500		
Kentucky Advance Revenue Program				
Transfers From Fiscal Court				485,661
Total Cash Receipts	<u>\$ 419,538</u>	<u>\$ 1,260,067</u>	<u>\$ 232,256</u>	<u>\$ 485,661</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 419,538	\$ 1,213,721	\$	\$
Expenditures - Jail Canteen				
Other Financing Uses:				
Transfers Out				
Capital Lease Payments:				
Loader Lease				
Ambulance Leases		44,853		
Rescue Vehicle Lease				
Bonds:				
Principal Paid				200,000
Interest Paid				285,661
Transfer To Municipal Properties Corp.			335,139	
Kentucky Advance Revenue Program Repaid				
Total Cash Disbursements	<u>\$ 419,538</u>	<u>\$ 1,258,574</u>	<u>\$ 335,139</u>	<u>\$ 485,661</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$	\$ 1,493	\$ (102,883)	\$
Cash Balance - July 1, 2001		58,675	409,075	119,026
Cash Balance - June 30, 2002	<u>\$ 0</u>	<u>\$ 60,168</u>	<u>\$ 306,192</u>	<u>\$ 119,026</u>

The accompanying notes are an integral part of the financial statements.

BOYLE COUNTY
 STATEMENT OF CASH RECEIPTS,
 CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES
 For The Fiscal Year Ended June 30, 2002
 (Continued)

Internal Service Fund Type	Enterprise Fund Type	
Health Program Fund	Jail Canteen Account	Totals (Memorandum Only)
\$ 641,123	\$ 71,182	\$ 10,225,430
		71,182
		2,991,861
		134,650
		1,389,400
		485,661
<u>\$ 641,123</u>	<u>\$ 71,182</u>	<u>\$ 15,298,184</u>
\$ 576,311	\$ 87,068	\$ 9,660,470
		87,068
		2,991,861
		32,477
		44,853
		9,461
		200,000
		285,661
		485,661
		1,389,400
<u>\$ 576,311</u>	<u>\$ 87,068</u>	<u>\$ 15,186,912</u>
\$ 64,812	\$ (15,886)	\$ 111,272
96,410	69,289	4,014,234
<u>\$ 161,222</u>	<u>\$ 53,403</u>	<u>\$ 4,125,506</u>

The accompanying notes are an integral part of the financial statements.

BOYLE COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2002

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Boyle County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Boyle County Municipal Properties Corporation as part of the reporting entity, which was audited by other auditors.

The Boyle County Municipal Properties Corporation is a legally separate entity established to provide long-term debt service for the Fiscal Court. The Corporation's governing body consists of fiscal court members and the debt service payments rely upon transfers from the County's funds. Therefore, management must include the Corporation as a component unit, and the Corporation's financial activity is blended with that of the Fiscal Court. As described above, this entity was audited by other auditors. Their audit was conducted in accordance with auditing standards generally accepted in the United States of America. However, the primary government uses a modified cash basis of accounting as described in Note 1.C. In order to blend this component unit's financial statements with the primary government, the numbers on the cash schedule were adjusted to reflect the modified cash basis approach.

Additional - Boyle County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Boyle County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Boyle County Fiscal Court's fund types, a definition of each, and county funds included within each fund type are listed below.

BOYLE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Boyle County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Joint Jail Fund, Local Government Economic Assistance Fund, Jail Fund, and the License Fee Tax Fund.

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Boyle County Special Revenue Fund Type includes the following county funds: State Surplus Fund, Enhanced 911 Fund, TEA-21 Fund, and Emergency Medical Services Fund.

3) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and includes funds for the Bond Debt Retirement Fund and the Municipal Public Properties Corporation. Debt service is provided through annual transfers from the General Fund Type in the amount of the debt service requirements for the year.

4) Internal Service Fund Type

Internal Service Fund Type accounts for the financing of goods or services provided by one governmental department or agency to another. The Health Program Fund of the Fiscal Court is reported as an Internal Service Fund Type.

5) Enterprise Fund Type

The Enterprise Fund Type is used to report an activity for which a fee is charged to external users for goods or services. The Boyle County Enterprise Fund Type includes the jail canteen account, which is maintained by the county jailer.

The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the jail canteen. Technical Audit Bulletin 93-002 provides additional accounting and expenditure guidance for acceptable jail canteen operations. All profit expenditures should be for the benefit and/or recreation of the inmates.

BOYLE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

D. Legal Compliance - Budget

The Boyle County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Boyle County Municipal Properties Fund because bond indentures and other relevant contractual provisions require specific payments to and from this fund annually and transfers are budgeted in the General Fund Type and Debt Service Fund Type to comply with these requirements. The Department for Local Government does not require this fund to be budgeted.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Boyle County Fiscal Court: Perryville Battlefield Association and Water Districts.

BOYLE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

G. Joint Ventures

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based on these criteria, the following is considered a joint venture of Boyle County Fiscal Court and City of Danville: Parks and Recreation.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.41 percent. Hazardous covered employees are required to contribute 7 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.28 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. As of June 30, 2002, the collateral and FDIC insurance together did not equal or exceed the amount on deposit, leaving \$9,088 of public funds uninsured and unsecured. In addition, the county did not have a written agreement with one of their depository institutions securing the county's interest in the collateral.

BOYLE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 3. Deposits (Continued)

The county's deposits are categorized below to give an indication of the level of risk assumed by the county as of June 30, 2002.

	<u>Bank Balance</u>
FDIC insured	\$ 700,000
Collateralized with securities held by pledging depository institution in the county's name	1,324,330
Collateralized with surety bond	2,500,000
Uncollateralized and uninsured	<u>9,088</u>
Total	<u>\$ 4,533,418</u>

Note 4. Capital Lease Agreements

A. On January 16, 2002, the Boyle County Fiscal Court entered into a \$49,500 lease agreement with the Kentucky Association of Counties Leasing Trust (KACoLT). The lease was for the purchase of an ambulance. The interest rate is 3.25 percent for a period of three years, and principal and interest is paid monthly. The outstanding principal balance was \$44,224 as of June 30, 2002. Future principal and interest requirements under this lease are:

<u>Fiscal Year Due</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
2003	\$ 1,555	\$ 17,499
2004	751	16,719
2005	131	<u>10,006</u>
Total Principal Outstanding June 30, 2002		<u>\$ 44,224</u>

BOYLE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 4. Capital Lease Agreements (Continued)

B. On January 5, 2001, the Boyle County Fiscal Court entered into a \$99,750 lease agreement with the Kentucky Association of Counties Leasing Trust (KACoLT). The lease was for the purchase of a loader. The interest rate is 3.95 percent for a period of four years, and principal and interest is paid monthly. The outstanding principal balance was \$54,114 as of June 30, 2002. Future principal and interest requirements under this lease are:

<u>Fiscal Year Due</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
2003	\$ 1,827	\$ 33,783
2004	321	<u>20,331</u>
Total Principal Outstanding June 30, 2002		<u><u>\$ 54,114</u></u>

C. On February 12, 2002, the Boyle County Fiscal Court entered into an \$85,150 lease agreement with the Kentucky Association of Counties Leasing Trust (KACoLT). The lease was for the purchase of rescue vehicles. The interest rate is 3.36 percent for a period of three years, and principal and interest is paid monthly. The outstanding principal balance was \$75,688 as of June 30, 2002. Future principal and interest requirements under this lease are:

<u>Fiscal Year Due</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
2003	\$ 1,487	\$ 28,383
2004	1,487	28,383
2005	992	<u>18,922</u>
Total Principal Outstanding June 30, 2002		<u><u>\$ 75,688</u></u>

Note 5. Bond Indebtedness Information

The following is a summary of some of the significant provisions of the Series of 1997 bond issue held by the Boyle County Municipal Properties Corporation:

Par amount of original issue	\$5,935,000
Discount on original issue	\$118,566
Rate of interest on remaining issue	4.75% to 5.30%
Bonds due	February 1
Interest due	February 1 and August 1
First principal payment	February 1, 2000
Last principal payment	February 1, 2019

BOYLE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 5. Bond Indebtedness Information

Call Provisions:

1997 Series bonds maturing on and after February 1, 2008, are subject to redemption prior to maturity at the option of the Corporation (and upon its written discretion to the Trustee) on February 1, 2007, and on any date thereafter in whole or from time to time in part in increments of \$5,000 and in any order of maturity (less than all of a single maturity to be selected by lot by the Trustee) at the following prices (expressed as percentages of principal amount) plus interest accruing to the redemption date.

February 1, 2007, and prior to February 1, 2008	102%
February 1, 2008, and prior to February 1, 2009	101%
February 1, 2009, and thereafter	100%

The following is a summary of the remaining bond principal and interest requirements of the Series of 1997 as of June 30, 2002:

Fiscal Year Ended June 30	
2003	\$ 481,161
2004	481,424
2005	485,943
2006	484,730
2007	483,030
2008-2012	2,420,735
2013-2017	2,420,900
2018-2019	966,815
Totals	\$ 8,224,738
Less Interest	2,859,738
Outstanding Principal	<u>\$ 5,365,000</u>

Note 6. Insurance

For the fiscal year ended June 30, 2002, Boyle County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

BOYLE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 7. Jail Canteen Fund

Presentation of Changes in Assets and Liabilities is required for Trust and Agency Funds. The Jail Inmate Account is presented as a Trust and Agency Fund; therefore, presentation of this information is required.

	Balance			Balance
Jail Inmate Account	July 1, 2001	Additions	Deductions	June 30, 2002
Assets:				
Cash With Fiscal Agents	\$ 37,709	\$ 169,066	\$ 163,911	\$ 42,864
Total Assets	<u>\$ 37,709</u>	<u>\$ 169,066</u>	<u>\$ 163,911</u>	<u>\$ 42,864</u>
Liabilities:				
Amounts Held In				
Custody For Others	\$ 37,709	\$ 169,066	\$ 163,911	\$ 42,864
Total Liabilities	<u>\$ 37,709</u>	<u>\$ 169,066</u>	<u>\$ 163,911</u>	<u>\$ 42,864</u>

Note 8. Health Insurance Fund

The Boyle County Health Insurance Fund provides health insurance coverage to county employees. The county transfers from each fund (General, Road, Jail, and EMS), the amount for a single policy for each employee who is eligible and elects to receive insurance from the county. Any employee who selects a plan that is not a single plan (i.e. family, spouse/children) has the additional premium deducted from their paychecks. Premiums are determined by the county based on recommendations submitted to them by the reinsurer.

Boyle County also carries insurance to pay claims in excess of \$20,000 per person per incident. Additionally, its reinsurer pays for all claims in one plan year over a specified dollar amount. The county pays for all expenditures during a plan year, and the amount to be paid by the reinsurer is reimbursed to the county at the end of the plan year.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

BOYLE COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

For The Fiscal Year Ended June 30, 2002

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 2,313,846	\$ 4,355,493	\$ 2,041,647
Road and Bridge Fund	1,131,000	837,145	(293,855)
Joint Jail Fund	1,869,668	1,441,403	(428,265)
Local Government Economic Assistance Fund	28,700	58,107	29,407
Jail Fund	104,987	16,093	(88,894)
<u>Special Revenue Fund Type</u>			
Surplus Fund	1,192,948	1,141,637	(51,311)
E-911 Fund	106,500	172,068	65,568
TEA-21 Fund	1,159,014	419,538	(739,476)
EMS Fund	1,281,020	910,567	(370,453)
<u>Debt Service Fund Type</u>			
Bond Debt Retirement Fund	224,659	232,256	7,597
<u>Internal Service Fund Type</u>			
Health Program Fund	<u>592,000</u>	<u>641,123</u>	<u>49,123</u>
Totals	<u>\$ 10,004,342</u>	<u>\$ 10,225,430</u>	<u>\$ 221,088</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 10,004,342
Add: Budgeted Prior Year Surplus			3,866,729
Less: Other Financing Uses			<u>(862,972)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 13,008,099</u>

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SCHEDULE OF OPERATING REVENUE

BOYLE COUNTY
SCHEDULE OF OPERATING REVENUE

For The Fiscal Year Ended June 30, 2002

Revenue Categories	GOVERNMENTAL FUND TYPES				
	Totals (Memorandum Only)	General Fund Type	Special Revenue Fund Type	Debt Service Fund Type	Internal Service Fund Type
Taxes	\$ 3,091,495	\$ 3,007,395	\$ 84,100	\$	\$
Excess Fees	338,509	338,509			
Licenses and Permits	30,203	30,203			
Intergovernmental Revenues	4,210,993	2,505,332	1,491,002	214,659	
Charges for Services	967,594	77,930	889,664		
Miscellaneous Revenues	1,469,772	667,975	163,866		637,931
Interest Earned	116,864	80,897	15,178	17,597	3,192
Total Operating Revenue	<u>\$ 10,225,430</u>	<u>\$ 6,708,241</u>	<u>\$ 2,643,810</u>	<u>\$ 232,256</u>	<u>\$ 641,123</u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

BOYLE COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

For The Fiscal Year Ended June 30, 2002

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 1,112,359	\$ 1,019,777	\$ 92,582
Protection to Persons and Property	1,766,513	1,615,737	150,776
General Health and Sanitation	818,115	787,270	30,845
Social Services	88,223	88,148	75
Recreation and Culture	559,435	550,578	8,857
Transportation Facilities and Services	24,150	21,448	2,702
Roads	745,692	701,476	44,216
Airports	16,120	16,048	72
Debt Service	298,661	2,848	295,813
Capital Projects	232,160	217,160	15,000
Administration	2,270,905	1,001,606	1,269,299
Total Operating Budget - General Fund Type	\$ 7,932,333	\$ 6,022,096	\$ 1,910,237
Other Financing Uses:			
Transfers to Public Property			
Corporation Fund	150,523	150,522	1
Capital Lease Agreement- Principal on Lease	41,938	41,938	
TOTAL BUDGET - GENERAL FUND TYPE	<u>\$ 8,124,794</u>	<u>\$ 6,214,556</u>	<u>\$ 1,910,238</u>

BOYLE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 For The Fiscal Year Ended June 30, 2002
 (Continued)

SPECIAL REVENUE FUND TYPE			
Expenditure Categories	Final Budget	Budgeted Expenditures	Under (Over) Budget
Protection to Persons and Property	\$ 1,120,173	\$ 1,065,834	\$ 54,339
Social Services	463,876	463,072	804
Recreation and Culture	2,393,211	1,282,221	1,110,990
Debt Service	6,841	1,247	5,594
Capital Projects	25,615	177	25,438
Administration	382,894	249,512	133,382
Total Operating Budget - Special Revenue Fund Type	\$ 4,392,610	\$ 3,062,063	\$ 1,330,547
Other Financing Uses:			
KACO Leasing Trust Equipment Lease- Principal	44,853	44,853	
TOTAL BUDGET - SPECIAL REVENUE FUND TYPE	<u>\$ 4,437,463</u>	<u>\$ 3,106,916</u>	<u>\$ 1,330,547</u>
DEBT SERVICE FUND TYPE			
Expenditure Categories	Final Budget	Budgeted Expenditures	Under (Over) Budget
Total Operating Budget - Debt Service Fund Type	\$	\$	\$
Other Financing Uses:			
Transfers to Public Property Corporation Fund	625,658	335,139	290,519
TOTAL BUDGET - DEBT SERVICE FUND TYPE	<u>\$ 625,658</u>	<u>\$ 335,139</u>	<u>\$ 290,519</u>

BOYLE COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES
For The Fiscal Year Ended June 30, 2002
(Continued)

Expenditure Categories	INTERNAL SERVICE FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
Administration	\$ 683,156	\$ 576,311	\$ 106,845
TOTAL BUDGET - INTERNAL SERVICE FUND TYPE	<u>\$ 683,156</u>	<u>\$ 576,311</u>	<u>\$ 106,845</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Ernie Fletcher, Governor

Gordon C. Duke, Secretary

Finance and Administration Cabinet

Debra Eucker, Commissioner, Department of Law, Revenue Cabinet

Honorable Tony W. Wilder, Boyle County Judge/Executive

Members of the Boyle County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Boyle County, Kentucky, as of and for the year ended June 30, 2002, and have issued our report thereon dated August 27, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Boyle County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs.

- The County Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral And Enter Into A Written Agreement To Protect Deposits

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Boyle County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses



Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
August 27, 2003

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Ernie Fletcher, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Debra Eucker, Commissioner, Department of Law, Revenue Cabinet
Honorable Tony W. Wilder, Boyle County Judge/Executive
Members of the Boyle County Fiscal Court

**Report On Compliance With Requirements
Applicable To Each Major Program And On Internal Control
Over Compliance In Accordance With OMB Circular A-133**

Compliance

We have audited the compliance of Boyle County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2002. Boyle County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Boyle County's management. Our responsibility is to express an opinion on Boyle County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Boyle County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Boyle County's compliance with those requirements.

In our opinion, Boyle County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.



Report On Compliance With Requirements
Applicable To Each Major Program And On Internal Control
Over Compliance In Accordance With OMB Circular A-133
(Continued)

Internal Control Over Compliance

The management of Boyle County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Boyle County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
August 27, 2003

FINDINGS AND QUESTIONED COSTS

BOYLE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Fiscal Year Ended June 30, 2002

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Boyle County.
2. No reportable conditions disclosed during the audit of the financial statements are reported in the Independent Auditor's Report.
3. One instance of noncompliance was disclosed during the audit.
4. No reportable conditions disclosed during the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal awards programs for Boyle County expresses an unqualified opinion.
6. No audit findings relative to the major federal awards programs for Boyle County are reported in Part C of this schedule.
7. The programs tested as major programs were: U.S. Department of Housing and Urban Development - Economic Development Initiative Program (CFDA #14.246) and the U.S. Department of Transportation - TEA-21 Program (CFDA #20.205).
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Boyle County was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

None.

BOYLE COUNTY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For The Fiscal Year Ended June 30, 2002
 (Continued)

NONCOMPLIANCES

The County Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral And Enter Into A Written Agreement To Protect Deposits

On June 30, 2002, \$9,088 of the county's deposits of public funds were uninsured and unsecured. According to KRS 66.480(1)(d) and KRS 41.240(4), financial institutions maintaining deposits of public funds are required to pledge securities or provide surety bonds as collateral to secure these deposits if the amounts on deposit exceed the amount of insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC). The county should require the depository institution to pledge or provide collateral in an amount sufficient to secure deposits of public funds at all times. We also recommend the county enter into a written agreement with their depository institution to secure the county's interest in the collateral pledged or provided by the depository institution. According to federal law, 12 U.S.C.A. § 1823(e), this agreement, in order to be recognized as valid by the FDIC, should be (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

County Judge/Executive Tony Wilder's Response:

We have agreements with all institutions with which we have accounts. The above institution has no county account.

Auditor's Reply:

The above institution did hold a county account as of June 30, 2002.

PRIOR YEAR FINDINGS FINANCIAL STATEMENT AUDIT

- The County Should Require Depository Institutions To Pledge Or Provide Sufficient Collateral To Protect Deposits

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM AUDIT

None.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BOYLE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Fiscal Year Ended June 30, 2002

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
Cash Programs:		
U.S. Department of Health and <u>Human Services</u>		
Passed-Through State Cabinet for Families and Children:		
Child Support Program-Title IV-D (CFDA #93.563)	M-00082755	\$ 44,260
U.S. Department of Housing and <u>Urban Development</u>		
Passed-Through State Department for Local Government:		
Economic Development Initiative (CFDA #14.246)	Not Available	341,286
<u>U.S. Department of Transportation</u>		
Passed-Through State Transportation Cabinet:		
Highway Planning and Construction Program (CFDA #20.205)	C-99160427	419,538
<u>U. S. Federal Emergency Management Agency</u>		
Passed-Through State Department of Military Affairs:		
Disaster and Emergency Assistance Grants- Coordinator Salary (CFDA #83.503)	Not Available	<u>10,324</u>
Total Cash Expenditures of Federal Awards		<u>\$ 815,408</u>

BOYLE COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Fiscal Year Ended June 30, 2002

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Boyle County, Kentucky and is presented on the modified cash basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local, Governments, and Non-Profit Organizations.

Note 2 - As required by this grant agreement, all program moneys received by the recipient after the completion of all recipient grant activities shall be used by the recipient for community or economic development activities eligible for assistance under Title I of the Housing and Community Development Act of 1974, so specified in the Commonwealth of Kentucky's Community Development Block Grant Eligible Activities Policy Statement.

CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

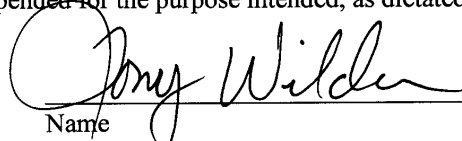
BOYLE COUNTY FISCAL COURT

For The Fiscal Year Ended
June 30, 2002

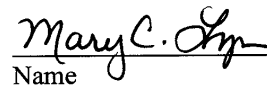
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
BOYLE COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2002

The Boyle County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Fund was expended for the purpose intended, as dictated by the applicable Kentucky Revised Statutes.



Name
Judge Executive



Name
County Treasurer

